

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Calsan, Inc. (hereafter “Calsan”) was a garbage hauling company located in Downey in Southern California. At all times relevant to this matter, Respondent Calsan had garbage hauling contracts with the cities of Compton, Downey, Bellflower and Cerritos.

In October 1998, Respondent Calsan entered into an agreement to combine operations with Metropolitan Waste Disposal, another independent garbage hauler in Southern California, to form CalMet Services, Inc. At all times relevant to this matter, Michael Adnoff was a vice-president of CalMet Services, Inc., and the day-to-day operations of Respondent Calsan were conducted by the management personnel of the former Metropolitan Waste Disposal.

Between February 18, 1999 and April 12, 1999, Respondent Calsan reimbursed Michael Adnoff for three campaign contributions that he made to local candidates and officials. Reimbursing another person for making a campaign contribution violates Government Code sections 84301 and 84300, subdivision (c) of the Political Reform Act, as it denies the public of information about the true source of a candidate’s financial support.

For the purposes of this stipulation, Respondent’s violations of the Political Reform Act (“the Act”)<sup>1</sup> are stated as follows:

- COUNT 1:** On or about February 18, 1999, Respondent Calsan, Inc. made a \$250 contribution to Cerritos City Council candidate Steve Harrison, in a name other than its own name, in violation of Government Code sections 84301 and 84300, subdivision (c).
- COUNT 2:** On or about February 26, 1999, Respondent Calsan, Inc. made a \$500 contribution to Cerritos City Council candidate Bruce Barrows, in a name other than its own name, in violation of Government Code sections 84301 and 84300, subdivision (c).
- COUNT 3:** On or about April 12, 1999, Respondent Calsan, Inc. made a \$99 contribution to Compton Community College Board of Trustees candidate Lorraine Cervantes, in a name other than its own name, in violation of Government Code sections 84301 and 84300, subdivision (c).

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

## **SUMMARY OF THE LAW**

The Fair Political Practices Commission is charged with the duty to administer, implement and enforce the provisions of the Act. By enacting the Act, California voters specifically found and declared that previous laws regulating political practices had suffered from inadequate enforcement, and that it was their purpose to ensure that the Act be vigorously enforced. (Sections 81001, subdivision (h), and 81002, subdivision (f).)

Under section 81002, subdivision (a), the purpose of campaign reporting under the Act is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed in order that the voters may be fully informed and improper practices may be inhibited. Timely and truthful disclosure of the source of campaign contributions is an essential part of the Act's mandate.

In order to obtain disclosure of the true source of campaign contributions, section 84301 prohibits contributions from being made, directly or indirectly, by any person in a name other than that by which the contributor is identified for legal purposes.

Section 84300, subdivision (c), prohibits the making of a campaign contribution of one hundred dollars (\$100) or more unless the contribution is made by way of a written instrument containing the name of both the actual donor and the real payee.

## **SUMMARY OF THE FACTS**

Between February 18, 1999 and April 12, 1999, Michael Adnoff made campaign contributions to two Cerritos City council candidates and one contribution to a candidate for the Compton Community College Board of Trustees. Michael Adnoff was reported as the source of the three contributions on the candidates' campaign statements. Respondent Calsan reimbursed Mr. Adnoff for each of the contributions through a business expense claim. Accordingly, Respondent Calsan was the true source of the following three campaign contributions:

<b>Count</b>	<b>Date of Contribution</b>	<b>Candidate Recipient</b>	<b>Elective Office Sought</b>	<b>Amount</b>
1	Feb.18, 1999	Steve Harrison	Cerritos City Council	\$ 250
2	Feb. 26, 1999	Bruce Barrows	Cerritos City Council	\$ 500
3	April 12, 1999	Lorraine Cervantes	Compton Community College Board of Trustees	\$ 99
<b>Total</b>				<b>\$ 849</b>

By making three contributions in the name of another person, Respondent Calsan committed three violations of sections 84301 and 84300, subdivision (c).

## **CONCLUSION**

Making campaign contributions in other than one's own name is one of the most serious violations of the Act. It undermines one of the basic purposes of disclosing important information to the voting public regarding the true source of campaign support and contributions. Respondent committed three violations of the Act, by making campaign contributions totaling \$849 to candidates in communities where Respondent had garbage hauling contracts.

In mitigation, Respondent Calsan has not previously been found to have violated the Act, and cooperated with the Commission's investigation in this matter.

This matter consists of three counts, which carry a maximum possible administrative penalty of (\$6,000). The facts of the case justify imposition of the agreed upon administrative penalty of Four Thousand Five Hundred Dollars (\$4,500).